

Cadwalader, Wickersham & Taft

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INTERSTATE COMMERCE COMMISSION

REG. DAYTON NO. *1 5430*

DEC 23 1987-1 15 PM

INTERSTATE COMMERCE COMMISSION

REG. DAYTON NO. *15430* December 22, 1987

DEC 23 1987-1 15 PM

Ms. Mildred Lee
Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Documents for Recordation Pursuant to 49 U.S.C.
§ 11303

Dear Ms. Lee:

I enclose an original and one copy of the following documents to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code:

1. A Mortgage, Security Agreement and Assignment of Leases and Rents, a primary document, dated December 22, 1987;
2. A Loan Agreement, a secondary document, dated December 22, 1987;
3. A Limited Recourse Secured Promissory Note, a secondary document, dated December 22, 1987; and
4. A Bill of Sale, a secondary document, dated December 22, 1987.

The Mortgage, Security Agreement and Assignment of Leases and Rents and the Bill of Sale cover ninety-nine used covered hopper cars with the following road marks:

Eighty-four (84) covered hopper cars bearing reporting marks: WSOR 300102, 300103, 300105 through 300111, 300113 through 300121, 300123, 300124, 300126, 300127, 300129 through 300132, 300134, 300136, 300137, 300139, 300141 through 300157, 300159, 300160, 300162 through 300171, 300173 through 300188, 300190 through 300197 and 300199; and fifteen (15) covered hopper cars bearing reporting marks: GBW 300100, 300101, 300104,

Counterpart - Raymond McGilchrist

300112, 300122, 300125, 300128, 300133, 300135, 300138, 300140, 300161, 300172, 300189 and 300198.

The Loan Agreement, the Limited Recourse Secured Promissory Note and the Bill of Sale are secondary documents relating to the enclosed Mortgage, Security Agreement and Assignment of Leases and Rents, which is a primary document and is being submitted for initial recording and indexing.

The mortgagor, debtor and buyer in the above-described documents is Ridgefield Development Corporation ("Ridgefield"), a Pennsylvania corporation, with its address at 1250 Tower Lane, Erie, Pennsylvania 16505.

The secured party, mortgagee and lender in the above-described documents is Irving Leasing Corporation ("ILC"), a New York Corporation, with its address at 1290 Avenue of the Americas, New York, New York 10104.

The seller pursuant to the Bill of Sale is Greyhound Financial Corporation ("Greyhound"), with its address at Greyhound Tower, Phoenix, Arizona 85077.

A recordation fee of \$40.00 is enclosed. Please return the original copy of the Limited Recourse Promissory Note and the certified copies of the other enclosed documents after they have been recorded and indexed to me, James P. Finnegan, Esq., Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038.

The following is a short summary of each of the enclosed documents which may appear in the index:

1. Mortgage, Security Agreement and Assignment of Leases and Rents, dated December 22, 1987, between Ridgefield and ILC, pursuant to which Ridgefield granted, conveyed, delivered, mortgaged, assigned and transferred over to ILC a first priority mortgage and security interest in, among other things, the 99 covered hopper cars.

2. Loan Agreement, dated December 22, 1987, between Ridgefield and ILC, providing for the making of a secured loan by ILC to Ridgefield in the principal amount of \$2,230,000.00, for the purpose of, among other things, Ridgefield's acquisition of the 99 covered hopper cars.

3. Limited Recourse Secured Promissory Note, from Ridgefield to the order of ILC in the principal amount of \$2,230,000.00 evidencing Ridgefield's obligations to ILC pursuant to the Loan Agreement and secured by the Mortgage, Security Agreement and Assignment of Leases and Rents.

Ms. Mildred Lee

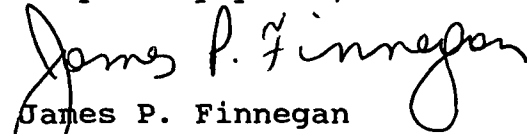
-3-

December 22, 1987

4. Bill of Sale, dated December 22, 1987, from Greyhound transferring title to 99 covered hopper cars to Ridgefield.

If you have any questions concerning this matter, please call me at (212) 504-6227.

Very truly yours,


James P. Finnegan

JPF/eba
Enclosures

BY HAND

DEC 28 1987-1 15 PM

INTERSTATE COMMERCE COMMISSION
MORTGAGE, SECURITY AGREEMENT AND
ASSIGNMENT OF LEASES AND RENTS, dated as
of December 21, 1987, between RIDGEFIELD
DEVELOPMENT CORPORATION, a Pennsylvania
corporation (the "Company"), with its
address at 1250 Tower Lane, Erie,
Pennsylvania 16505, and IRVING LEASING
CORPORATION, a New York corporation
("ILC"), with its address at 1290 Avenue
of the Americas, New York, New York
10104.

WITNESSETH:

WHEREAS, the Company has been duly organized under
the laws of the State of Pennsylvania.

WHEREAS, the Company, pursuant to a Bill of Sale
dated December 21, 1987, by and between Greyhound Financial
Corporation (the "Seller"), and the Company (the "Bill of
Sale"), proposes, promptly after execution and delivery
hereof, to acquire and operate certain covered hopper
railroad cars now owned by the Seller, as more particularly
identified on Annex A hereto (the "Rail Cars").

WHEREAS, the Company and ILC have entered into a
Loan Agreement dated as of December 21, 1987 (the "Loan
Agreement"), providing for a secured loan to the Company in
the principal amount of \$2,230,000 to be evidenced by a Note
(as defined in the Loan Agreement) for the purpose of, among
other things, acquiring the Rail Cars, subject to the
condition, among other things, that the Company execute and
deliver this Mortgage, Security Agreement and Assignment of
Leases and Rents (this "Mortgage") to secure the Obligations
(as hereinafter defined).

WHEREAS, all requirements of law and of the
charter and the by-laws of the Company have been duly
complied with, and all things necessary to make the Note,
when executed by the Company, the valid and binding
obligation of the Company, and to make this Mortgage a valid
and binding mortgage, security agreement and assignment of
Leases and Rents (as hereafter defined) for the security of
the Obligations, have been done and performed.

NOW, THEREFORE, for and in consideration of the
mutual covenants contained herein and in the Loan Agreement
and the Note, the Company and ILC hereby agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

"Affiliate" has the meaning specified in the Loan Agreement.

"Collateral" has the meaning specified in Section 2 hereof.

"Contingency Reserve Account" has the meaning specified in the Loan Agreement.

"Event of Default" has the meaning specified in the Loan Agreement.

"Leases" means all leases and other agreements, licenses and instruments to which the Company is or shall be a party and which affect or will affect the use or occupancy of any of the Rail Cars or other assets or properties of the Company and all rights thereunder, including (i) all rights, claims, powers, privileges and remedies of the Company, whether provided for in the Leases or arising by statute or at law or in equity or otherwise, consequent on any failure on the part of any lessee or other obligor to perform or comply with any term of the Leases; (ii) all rights to take any and all actions upon the occurrence of a default under the Leases as shall be permitted by the Leases or by law, including, without limitation, the commencement, conduct and consummation of proceedings at law or in equity; and (iii) the right, power and authority in the name of the Company or otherwise, to enforce, collect, receive and receipt for any and all of the foregoing and the Rents and to do any and all other acts and things whatsoever which the Company is or may be entitled to do under the Leases, subject to the terms and conditions hereof.

"Liens" has the meaning specified in the Loan Agreement.

"Obligations" means the obligation to pay the principal of and interest on the Note in accordance with its terms and to perform all other obligations under the Loan Agreement (including the obligation regarding distribution of the funds in the Residual Sharing Account), the Note and this Mortgage, in each case, as the same may be

amended, modified or supplemented, including without limitation the obligations to perform and observe all covenants and conditions therein and herein contained and to pay all expenses and disbursements of ILC and its agents and attorneys incurred in connection with the exercise of any right or remedy under the Loan Agreement or this Mortgage.

"Overdue Rate" has the meaning specified in the Note.

"Permitted Encumbrances" means any encumbrance listed on Annex B hereto.

"Person" has the meaning specified in the Loan Agreement.

"Rents" means (i) all the rents, issues, earnings, income, tolls, receipts, revenues, profits, products, proceeds, condemnation awards or any other income or payments of any nature in respect of and of the Leases; (ii) all damages or other amounts payable in the event of any expiration or termination of any of the Leases pursuant to the terms thereof, by operation of law or otherwise; (iii) any indemnification against, or reimbursement for, sums paid and costs and expenses incurred by the Company under any of the Leases or otherwise; and (iv) any award in the event of the bankruptcy of any lessee or other obligor under or guarantor of any of the Lease.

"Residual Sharing Account" has the meaning specified in the Loan Agreement.

"Security Interests" has the meaning specified in Section 2 hereof.

Section 2. Security Interests in the Collateral.

To secure the due and punctual payment in full of the Obligations, the Company does hereby grant, convey, deliver, mortgage, assign, transfer and set over unto ILC and any other Person or Persons who shall from time to time be entitled to the benefit of the Obligations, including any holder of the Note, a first priority mortgage on and first security interest in and assignment of (the "Security Interests") all the Company's estate, right, title and interest in, to or in respect of the following property and

assets, including the Leases and Rents pursuant to subsection (iv) below (collectively, the "Collateral"):

(i) the Rail Cars;

(ii) (A) any and all accounts (as that term is used in the applicable Uniform Commercial Code) and other rights to receive the payment of money, including without limitation receivables, rights to receive the payment of money under present or future contracts or agreements (whether or not earned by performance) and all chattel paper (as that term is used in the applicable Uniform Commercial Code), relating to or arising from any part of the Collateral;

(B) any proceeds of and any unearned premiums on any insurance policies now or hereafter covering any part of the Collateral, including the right to receive and apply the proceeds of any insurance, judgments or settlements made in lieu thereof;

(C) any awards or payments, including interest thereon, which may be made with respect to any part of the Collateral;

(D) any and all proceeds or other payments of any kind received by the Company as the result of the sale, lease or other disposition of the Collateral or any part thereof; and

(E) the right, in the name of the Company, to appear in and defend any action or proceeding brought with respect to the Collateral and to commence any action or proceeding to protect the interest of the Company in the Collateral;

(iii) any and all additions, improvements and betterments to or upon or in connection with any and all property which, or any estate, right or title to or interest in which, shall at any time be subject to this Mortgage, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in equity as in law, of the Company of, in and to such property and every part and parcel thereof and of, in and to the appurtenances and franchises appertaining or hereafter to appertain thereto;

(iv) all Leases and the right to receive and apply all the Rents;

(v) the Contingency Reserve Account; and

(vi) the Residual Sharing Account.

TO HAVE AND TO HOLD the foregoing Collateral hereby conveyed and assigned, or intended to be conveyed or assigned, unto ILC, its successors and assigns forever.

Section 3. Certain Representations and Covenants.

(a) Further Assurances. All Collateral by this Mortgage covenanted to be mortgaged, and any Collateral at any time acquired by the Company and required by this Mortgage to be mortgaged shall, immediately upon the acquisition thereof by the Company and without any further act, become and be subject to the lien of this Mortgage as fully and completely as though now owned by the Company and specifically described in Section 2 hereof; but, at any and all times, the Company will make and deliver any and all such further assurances or conveyances or assignments thereof as ILC may reasonably require, for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage; and the Company will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, conveyances, transfers and assurances as shall be necessary or reasonably requested by ILC for such purpose.

(b) The Company represents, warrants, covenants and agrees that, after giving effect to the transactions contemplated by the Bill of Sale and the Loan Agreement, it is lawfully seized and possessed of the Collateral herein mortgaged, that it has good title thereto, that it has the right to mortgage such Collateral, and that such Collateral is free from all Liens except Permitted Encumbrances. The Company at its expense will at all times preserve, warrant and defend its right, title and interest in and to the Collateral and the Security Interests against the claims and demands of all Persons and will maintain and preserve the Security Interests as long as the Obligations are outstanding. The Company will not create or suffer to exist any Lien which would be prior to or on a parity with the lien of this Mortgage upon the Collateral, or any part thereof, or upon the income thereof. The Company will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, promptly and in any case prior to the due date thereof, all lawful claims and demands of mechanics, laborers and others which, if unpaid, might by law be entitled to a lien or charge upon the Collateral or some part thereof, or the income thereof.

(c) Maintenance of Collateral; Insurance. The Company will at all times (i) diligently preserve all the

rights and franchises to it granted and upon it conferred, (ii) maintain, preserve and keep the Rail Cars in good repair, working order and condition, and (iii) make all needful repairs, renewals and replacements, alterations, additions, betterments and improvements to the Rail Cars. The Company will at all times preserve its corporate existence. The Company will maintain or cause to be maintained insurance with respect to the Collateral and its business in accordance with the provisions of Section 7 of the Loan Agreement.

(d) Recording of Mortgage. The Company, at its own cost and expense, will cause this Mortgage, and will execute and cause all mortgages, amendments and instruments supplemental hereto and all financing statements and other documents, to be recorded and filed and to be kept recorded and filed in such manner, at such times and in such places as may be required by law or necessary or advisable or reasonably requested by ILC in order fully to establish, preserve, protect and perfect the Security Interests and the rights of ILC and all other Persons entitled to the benefit of the Obligations.

Section 4. Remedies and Other Rights.

(a) Remedies. If there shall occur and be continuing an Event of Default, then and in each and every such case, ILC or its agents or attorneys, may, at the expense of the Collateral, at any time and from time to time:

(i) enter into and upon any property where the Rail Cars may be located, take possession of any of the Collateral by force, summary proceedings, ejectment or otherwise, and exclude the Company and all other Persons therefrom; use, operate, manage and control all or any part of the Collateral, regulate the tolls for the transportation of freight thereon, and conduct the business thereof; by purchase, repairs or construction, maintain and restore, and insure or keep insured, all or any part of the Collateral; and any property used in connection with all or any part of the Collateral, lease or otherwise deal with or convert all or any part of the Collateral to any other use which ILC shall in its sole discretion determine; make all necessary, useful or proper repairs, renewals, replacements, alterations, additions, betterments and improvements of or to any part of the Collateral, as ILC may in its sole discretion determine; manage the Collateral and carry on the business, enter into agreements, and exercise all rights and powers of the Company, either in the name of the Company or otherwise, as ILC shall in its sole discretion determine;

and collect and receive all tolls, earnings, income, rents, issues, profits and proceeds of the same and every part thereof; or

(ii) foreclose upon, sell, assign, transfer and deliver, all or any portion of the Collateral, including all the rights, title, estates, equipment, inventory, receivables, franchises, leases, leasehold interests, contracts and appurtenances, stocks and bonds, and all other property of every name and nature, and all or any estate, right, title and interest, claim and demand therein, and right of redemption thereof, at any private sale or public auction with or without demand, advertisement or notice (except as may be required by applicable law) of the date, time and place of sale and any adjournment thereof, for cash or credit or other property, for immediate or future delivery and for such price or prices and on such terms as ILC, in its sole discretion, may determine, or as may be required by applicable law; or

(iii) proceed to protect and to enforce its rights by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein or in the Loan Agreement or the Note, or in aid of the execution of any power herein or therein granted, or for the foreclosure of this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy, as ILC shall deem effectual to protect and enforce any of its rights or duties under this Mortgage; or

(iv) exercise any rights or remedies given to secured parties under the Uniform Commercial Code as in effect in New York or any other applicable jurisdiction or exercise a power of sale or any other right given to mortgagees under applicable law; the Company agrees that 15 days' prior written notice of the time and place of any public sale or the time after which a private sale of all or any portion of the Collateral may be made is reasonable for all purposes of the Uniform Commercial Code as in effect in New York or any other applicable jurisdiction; or

(v) exercise any remedies available under the Loan Agreement or the Note; or

(vi) any combination of the foregoing.

ILC may foreclose the lien of this Mortgage against the Collateral in one proceeding or against portions of the Collateral in a series of separate proceedings.

(b) Power to Convey Title. Upon any conveyance, assignment or transfer under this Mortgage, ILC shall have the power to execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds and other instruments conveying, assigning and transferring the Collateral sold. ILC hereby is irrevocably appointed the true and lawful attorneys of the Company, in its name and stead, to make all such conveyances, assignments and transfers of the Collateral; and, for that purpose, ILC may execute all requisite deeds and instruments of conveyance, assignment and transfer, and may substitute one or more Persons with like power, the Company hereby ratifying and confirming all that its said attorneys or such substitute or substitutes shall lawfully do by virtue hereof which is in conformity with this Mortgage and applicable law to the extent not waived hereunder. Nevertheless, the Company shall, if so requested by ILC, promptly ratify and confirm any conveyance, assignment or transfer by executing and delivering to ILC or to such purchaser or purchasers all such instruments as may be requested by ILC. In addition, the Company shall, if so requested by ILC, promptly execute and deliver to ILC such deeds, instruments of assignment and other documents as ILC may deem necessary or appropriate to enable ILC or any agent or representative designated by ILC to obtain possession of all or any portion or portions of the Collateral or to enjoy the benefits of any other right or remedy hereunder, subject to the terms of this Mortgage.

(c) Effect of Sale. Any conveyance, assignment or transfer made under or by virtue of this Mortgage, whether under the power of sale herein granted and conferred or under or by virtue of judicial proceedings, shall operate to divest all estate, right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company of, in and to the Collateral so conveyed, assigned or transferred, and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all persons claiming or to claim the Collateral conveyed, assigned or transferred, from, through or under the Company, its successors or assigns.

(d) Application of Proceeds. The proceeds of any exercise of remedies hereunder, whether made under the right of entry or the power of sale herein granted or pursuant to judicial proceedings or otherwise, together with any other sums which then may be held by ILC under any of the provisions of this Mortgage, shall be applied as follows:

(i) to the payment of the costs and expenses of ILC, its agents, attorneys

and counsel, and of all expenses, liabilities and advances made or incurred by ILC in managing and maintaining the Collateral, the costs and expenses of effecting any conveyance, assignment or transfer hereunder or exercising any right or remedy hereunder or otherwise and to the payment of all taxes, assessments or other Liens, except Liens subject to which any Collateral shall have been sold;

(ii) to the payment of interest on the Note;

(iii) to the payment of the principal of the Note;

(iv) to the payment of any and all other Obligations at the time due and owing to the Persons entitled thereto; and

(v) the surplus, if any, to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(e) Waiver of Rights. The Company agrees, to the fullest extent allowed by applicable law, that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any stay or extension law, now or at any time hereafter in force; nor will it claim, take or insist upon any benefit or advantage from any law now or hereafter in force providing for the valuation or appraisal of the Collateral, or any part thereof, prior to any disposition thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor will it insist upon, or be entitled to, the fixing of an upset price upon the Collateral, or any part thereof, in connection with any such sale; nor after any such disposition will it claim or exercise any right under any statute heretofore or hereafter enacted, or otherwise, to redeem the Collateral so sold or any part thereof; and the Company, for itself and all Persons claiming under or through it, hereby expressly waives, to the fullest extent allowed by applicable law, all such rights and all benefit and advantage of any such law or laws, and

it covenants and agrees, to the fullest extent allowed by applicable law, that it will not hinder, delay or impede the execution of any power herein granted or delegated to ILC, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. In exercising its right to take possession of the Collateral upon the occurrence of an Event of Default, ILC may enter into or upon any property of the Company upon which any of the Collateral may be located, without being guilty of trespass or any wrong-doing, and without liability for damages thereby occasioned except for its gross negligence or wilful misconduct. In addition, the Company, for itself and all Persons claiming under or through it, to the fullest extent allowed by applicable law, hereby (i) agrees that, if any Collateral proposed to be conveyed, assigned or transferred hereunder should be situated in two or more counties or judicial districts ILC shall have full power in connection with such conveyance, assignment or sale to select in which county or judicial district any or all such Collateral shall be conveyed, assigned or transferred, (ii) waives the provisions of any law heretofore or hereafter enacted in any jurisdiction in which any Collateral is located, insofar as such law restricts the right of ILC to offer for sale more than a specified amount of the Collateral, and ILC may offer for sale any or all Collateral at any time regardless of the manner in which it may be described, (iii) waives the provisions of any law heretofore or hereafter enacted in any jurisdiction in which Collateral is located, providing for forfeiture for failure to note of record an assignment of indebtedness secured by mortgages, security interests or assignments, and (iv) waives trial by jury in any action or proceeding brought by, or any counterclaim asserted by ILC which action, proceeding or counterclaim in any way arises out of or is connected with this Mortgage. All recitals in any instrument of assignment or any other instrument executed by ILC incident to any sale, transfer, assignment, disposition or utilization of the Collateral or any part thereof shall be full proof of the matter stated therein and no other proof shall be required to establish full legal propriety of the sale or other action taken by ILC or of any fact or condition incident thereto, all of which shall be deemed conclusively to have been performed or to have occurred.

(f) Delay Not Waiver. No delay or omission of ILC to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein; and every power and remedy given by this Mortgage may be exercised from time to time, and as often as may be deemed expedient, by ILC.

(g) Abandonment Not Waiver. In case ILC shall have proceeded to enforce any right under this Mortgage by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to ILC, then, and in every such case, the Company and ILC shall severally and respectively be restored to their former positions and rights hereunder in respect of the Collateral, and all rights, remedies and powers of ILC and of the Company shall continue as though no such proceedings had been taken.

(h) Right to Buy at Sale. To the fullest extent allowed by applicable law, ILC or any other Person entitled to the benefit of any Obligation may be a purchaser of the Collateral or any part thereof or any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise. ILC may apply against the purchase price therefor the amount then due in respect of the Obligations, and any other Person entitled to the payment of any Obligation may apply against the purchase price therefor the amount thereof then due and owing to such Person, the payment of which this Mortgage by its terms secures, which shall, upon distribution of the net proceeds of such sale, be payable to such Person. ILC or any such Person shall, upon any such purchase, acquire good title to the property so purchased, free of the lien of this Mortgage.

(i) Appointment of Receiver. ILC shall, as a matter of right, be entitled to the appointment of a receiver (who may be ILC or any successor or nominee thereof) for all or any part of the Collateral, whether such receivership be incidental to a proposed sale of Collateral or the taking of possession thereof or otherwise, and the Company hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers with respect to the Collateral to the extent instructed to do so by ILC.

(j) Right of ILC To Perform the Company's Covenants. If the Company shall fail to make any payment or perform any act required to be made or performed hereunder or under the Loan Agreement or the Note, ILC, upon notice to the Company and expiration of any applicable grace period, but without waiving or releasing any obligation or default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of the Company, and, to the extent permitted by applicable law, may take possession of

the Collateral for such purpose and take all such action with respect thereto as, in ILC's opinion, may be necessary or appropriate therefor. All sums so paid by ILC and all reasonable costs and expenses (including, without limitation, attorneys' fees and expenses) so incurred, together with interest thereon at the Overdue Rate from the date of payment or incurring until paid, shall constitute additional indebtedness secured by this Mortgage and shall be paid by the Company to ILC upon demand therefor.

(k) Remedies Cumulative. Each right, power and remedy of ILC provided or in this Mortgage or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Mortgage or now or hereafter existing at law or in equity or by statute (including, without limitation, the Uniform Commercial Code as in effect in New York or any other applicable jurisdiction) or otherwise, and the exercise or beginning of the exercise by ILC of any one or more of the rights, powers or remedies provided for in this Mortgage or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by ILC of any or all of such other rights, powers or remedies.

(l) Liability for Exercise of Remedies and Other Rights. ILC shall be under no liability for or by reason of any taking of possession, entry, renewal or holding, operation or management of Collateral or exercise of any other remedy or right hereunder, except for its gross negligence or wilful misconduct and except that any proceeds so received by ILC shall be applied in accordance with Section 4(d) hereof.

Section 5. Leases and Rents.

(a) Assignment. The assignment of Leases and Rents contained in Section 2(iv) hereof shall be fully operative without any further action on the part of the Company or ILC and shall entitle ILC to all Rents whether or not ILC takes possession of any of the Collateral. The Company hereby further grants to ILC the right (i) to take possession of any of the Collateral for the purpose of collecting the Rents, (ii) to dispossess by the usual summary proceedings any lessee or other obligor defaulting in the payment thereof to ILC, (iii) to let the Collateral or any part thereof, and (iv) to apply the Rents, after payment of all necessary charges and expenses, toward payment of the indebtedness in such priority and proportions as ILC, in its discretion, shall deem proper, or to the

operation, maintenance and repair of the Collateral, in each case whether or not sale or foreclosure has been instituted. Such assignment and grant shall continue in effect until the Note has been fully paid and shall be cumulative of all other rights and remedies available to ILC under this Mortgage or otherwise. The foregoing provisions shall constitute an absolute and present assignment of the Leases and Rents to ILC, subject, however, to the conditional permission given to the Company to collect the Rents until the occurrence of an Event of Default. Rents collected by the Company, or a portion of such Rents sufficient to discharge all current sums due on the Note, shall be held by the Company in trust for use in payment of the Note. The Company shall not, without the consent of ILC, (i) cancel any Lease, except where the lessee or other obligor is in default thereunder, unless a new such Lease is entered into on terms at least as favorable to the Company as the Lease so canceled, (ii) change, amend or supplement any Lease or (iii) further assign the whole or any part of the Rents. The Company shall (x) materially fulfill or perform each and every provision of the Leases on the part to ILC of the Company to be fulfilled or performed, (y) promptly send copies of all notices of default which the Company shall send or receive under the Leases, and (z) enforce, short of termination of the Leases, the performance or observance of the provisions thereof by the lessees or other obligors thereunder. Nothing contained in this paragraph shall be construed as imposing on ILC any of the obligations of any party under the Leases. The Company shall obtain all consents and approvals, if any, necessary to the effective assignment of the Leases and Rents in accordance with the terms hereof.

(b) Amendment. The Company may not amend or modify the provisions of any Lease without the consent of ILC.

(c) Prepayments of Rent. The Company agrees that it will not receive or collect, or permit the receipt or collection of, any payment of Rent under any Lease more than one month in advance of the respective period in respect of which it is to accrue, except that (i) in connection with the execution and delivery of any Lease or of any amendment to any Lease, Rent thereunder may be collected and received in advance in an amount not in excess of one month's rent and/or a reasonable security deposit may be required thereunder (provided that such deposits are maintained in accordance with applicable law) and (ii) the Company may receive and collect escalation and other charges in accordance with the terms of each Lease.

(d) Future Leases. The Company agrees that it will not enter into any Lease after the date hereof that does not contain terms to the effect that such Lease and the rights of the lessee thereunder shall be subject to this Mortgage. In addition, the Company agrees to use its best efforts to provide that any Lease as to which the Company is lessor entered into after the date hereof will contain terms to the effect as follows:

(i) in the case of any foreclosure hereunder, the rights and remedies of the lessee in respect of any obligations of any successor lessor thereunder shall be nonrecourse as to any assets of such successor lessor other than its interest in the Collateral;

(ii) any mortgagee or purchaser upon the foreclosure (or the giving or granting of a deed in lieu thereof) of any of the Collateral which shall succeed to the rights of the lessor under the Lease shall not be (x) liable for any previous act or omission of lessor, (y) subject to any offset which shall have theretofore accrued to the lessee against lessor or (z) bound by any prepayment of more than one month's installment of base rent; and

(iii) the lessee agrees to attorn, at the option of ILC or the purchaser of the Collateral, upon a foreclosure (or the giving or granting of a deed in lieu thereof).

(e) Events of Default. The Company hereby irrevocably authorizes and directs each lessee under a Lease, upon receipt of notice from ILC that an Event of Default has occurred, to pay directly to, or as directed by, ILC all Rent accruing or due under its Lease from and after the receipt of such notice. The Company agrees that any such lessee shall have the right to rely upon the notice from ILC, and shall pay such Rent to or as directed by the Company without any obligation to inquire into the actual existence of any Event of Default claimed by ILC, and notwithstanding any notice from or contrary claim by the Company, and the Company shall have no right or claim against such tenants or other Person for any Rent so paid to ILC. Such Rent shall continue to be paid to ILC unless and until the Event of Default which gave rise to the termination of the Company's conditional permission to collect the Rents under subsection (a) of this Section 5 is cured to the satisfaction of ILC, so long as the Note shall not then be due and payable, whether at maturity, by declaration or acceleration or otherwise. Following an Event of Default, ILC shall enjoy all the benefits of and be entitled (but shall not be obligated) to exercise all rights

under the Leases, including but not limited to rights of amendment and termination. In the event any such Event of Default is cured as aforesaid, ILC shall direct each such lessee by written notice to resume the payment of all Rent accruing or due under its Lease directly to the Company from and after such lessees receipt of such notice from ILC.

(f) Enforcement of Leases. The Company will enforce the Leases in accordance with their terms. Neither this Mortgage nor any action or inaction on the part of ILC shall release any lessee under a Lease or the Company from any of their respective obligations under the Leases or constitute an assumption of any such obligation on the part of ILC. No action or failure to act on the part of the Company shall adversely affect or limit the rights of ILC under this Mortgage, or through this Mortgage, under the Leases.

(g) Further Assurances. During the term hereof, all rights, powers and privileges of ILC herein set forth are coupled with an interest and irrevocable, subject to the terms and conditions hereof, and the Company will not take any action under the Leases or otherwise which is inconsistent with this Mortgage or any of the terms hereof. The Company will, from time to time, upon the request of ILC, execute all instruments and further assurances and all supplemental instruments and take all such action as ILC from time to time may reasonably request in order to perfect, preserve and protect the interests being assigned to ILC hereby. The Company hereby agrees that it will not, unilaterally or by agreement, subordinate, amend, modify, extend, discharge, terminate, surrender, waive or otherwise change any term of any of the Leases in any manner which would violate this Mortgage. If the Leases shall be amended as permitted hereby, they shall continue to be subject to the provisions hereof without the necessity of any further act by any of the parties hereto.

(h) No Obligations. Nothing contained herein shall operate or be construed to (i) obligate ILC to perform any of the terms, covenants or conditions contained in any of the Leases or otherwise to impose any obligation upon ILC with respect to the Leases (including, without limitation, any obligation arising out of any covenant of quiet enjoyment contained in the Leases in the event that any lessee thereunder shall have been joined as a party defendant in any action by which the estate or interest of such lessee shall be terminated), or (ii) place upon ILC any responsibility for the operation, control, care, management or repair of the Collateral.

Section 6. Miscellaneous.

(a) Stamp and Other Taxes. The Company will pay from the Collateral any United States documentary stamp taxes, with interest and fines and penalties, and any mortgage recording taxes, with interest and fines and penalties, that may hereafter be levied, imposed or assessed under or upon or by reason of this Mortgage, the Obligations secured hereby or any instrument or transaction affecting or relating to any thereof and in default thereof ILC may advance the same and the amount so advanced shall be payable by the Company to ILC upon demand therefor, together with interest thereon at the Overdue Rate .

(b) Additional Security. Without notice to or consent of the Company and without impairment of the lien and rights created by this Mortgage, ILC may accept from the Company, or from any other Person or Persons, additional security for the Obligations. Neither the giving of this Mortgage nor the acceptance of any such additional security shall prevent ILC from resorting, first, to such additional security, and, second, to the security created by this Mortgage without affecting the Security Interests and ILC's rights under this Mortgage.

(c) Expenses of ILC. (i) If any action, suit or other proceeding affecting the Collateral or any part thereof shall be commenced, in which action, suit or proceeding ILC is made a party or participates or in which the right to use the Collateral or any part thereof is threatened, or in which it becomes necessary in the reasonable judgment of ILC to defend or uphold the Security Interests and the other rights of ILC created by this Mortgage, then all reasonable amounts paid or incurred by ILC for the expense of any such action, suit or other proceeding or to protect its rights therein (whether or not it is made or becomes a party thereto) or otherwise to enforce or defend the Security Interests and such rights created by this Mortgage, shall be paid by the Company upon demand together with interest at the Overdue Rate from the date of the payment or incurring thereof, and any such amount and the interest thereon shall be a lien on the Collateral, prior to any right, or right to, interest in, or claim upon the Collateral attaching or accruing subsequent to or otherwise subordinate to the lien of this Mortgage, and the same shall be deemed to be an Obligation secured hereby. All other amounts paid, advanced or incurred by ILC in order to secure and protect the Security Interests or other security and rights provided hereunder shall be a like Lien on the Collateral and be deemed to be part of the Obligations secured hereby. (ii) In the event this

Mortgage or the Note is placed in the hands of counsel for collection of any amount payable hereunder or thereunder or for the enforcement of any of the provisions hereof or thereof, the Company agrees to pay from the Collateral all reasonable costs associated therewith incurred by ILC, either with or without the institution of an action, suit or other proceeding, in addition to all costs, disbursements and allowances provided by law, all such costs to be paid upon demand, together with interest thereon at the Overdue Rate from the date of notice or incurring thereof, and the same shall be deemed to be part of the Obligations secured hereby.

(d) Maximum Amount of Principal on the Note. The maximum amount of principal on the Note secured or to be secured by this Mortgage is \$2,230,000.

(e) Security Agreement, etc. (i) This instrument may be construed as a mortgage, security agreement, assignment, chattel mortgage conveyance, pledge, financing statement, hypothecation or contract, among one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth. This Mortgage is a security agreement within the meaning of the Uniform Commercial Code as in effect in New York with respect to all property now or hereafter constituting part of the Collateral as to which the creation and perfection of the Security Interests are subject to such Uniform Commercial Code (the "Personal Property"). Any completely executed counterpart of this instrument may be filed as a mortgage on real property or fixtures, or as a security agreement or financing statement or as both. The address of the Company, as debtor, and the address of ILC, as secured party, are shown on the first page of this Mortgage. (ii) The Company shall cause all financing and continuation statements and other instruments with respect to all property now or hereafter constituting part of the Collateral at all times to be kept, recorded, filed or registered in such manner and in such places as may be required by law fully to evidence, perfect and secure the interests of ILC in such property, and shall pay all filing fees in connection therewith. The Company hereby appoints ILC as its attorney-in-fact to perform the obligations of the Company under this Section in the event it fails to do so. (iii) If an Event of Default shall have occurred, ILC, pursuant to Section 9-501(4) of the Uniform Commercial Code as in effect in the State of New York or any other applicable jurisdiction, as such Section is currently constituted or may be hereafter amended, shall have the option of proceeding as to all property now or hereafter constituting part of the Collateral in accordance with its rights and remedies in respect of the real

property, as an alternative to proceeding in accordance with the default provisions of such Uniform Commercial Code.

(f) Expenses of Disposition of Collateral. The Company from the Collateral shall reimburse ILC, within 10 days after demand, for all reasonable expenses of retaking, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Collateral which are incurred or paid by ILC, including, without limitation, all reasonable attorneys' fees, legal expenses and costs, and all such expenses shall be added to the Obligations and shall be secured hereby.

(g) Termination. If all the Obligations shall be paid, performed and discharged in full, ILC shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of the Company and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be appropriate and this Mortgage shall become null and void and all powers and appointments granted herein shall cease and determine. Otherwise, this Mortgage shall remain and continue in full force and effect.

(h) Severability. If any provision hereof is invalid, illegal or unenforceable, the other provisions hereof shall remain in full force and effect and the remaining provisions hereof shall be liberally construed in favor of ILC in order to effectuate the provisions hereof.

(i) Survival. All agreements, representations and warranties made herein shall survive the execution and delivery of this Mortgage.

(j) Notices. Any notice or other communication herein required or permitted to be given shall be in writing and shall be sent in the manner and with the effect provided in the Loan Agreement.

(k) Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Mortgage, or consent to any departure by the Company therefrom, shall in any event be effective without the prior written consent of ILC. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section

shall be binding upon each holder of the Note, whether or not the Note shall have been marked to indicate such amendment, modification, waiver or consent.

(l) Headings. Headings in this Mortgage are included herein for convenience of reference only and shall not constitute a part of this Mortgage for any other purpose or be given any substantive effect.

(m) Applicable Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. All waivers, consents, confessions and releases provided for in this Mortgage are effective only to the extent permitted by applicable law. This Mortgage has been executed and delivered in New York, New York, and shall be governed by, and shall be construed and enforced in accordance with the laws of the State of New York.


(n) Successors and Assigns. The terms and provisions of this Mortgage shall inure to the benefit of ILC, the holders from time to time of the Note and all other Persons from time to time entitled to the benefit of any Obligation. This Mortgage shall be binding upon the Company, ILC, the holders of the Note, all other Persons entitled to the benefits of the Obligations and their respective successors and assigns. The Company may not, without the prior written consent of ILC, assign any of its rights or obligations hereunder.

(o) Counterparts. This Mortgage and any amendments, waivers, consents or supplements may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

SECTION 7. Remedies. Notwithstanding anything in this Mortgage to the contrary, except as specifically provided in Section 16 of the Loan Agreement, ILC's remedies upon the occurrence of an Event of Default shall be limited to the liquidation, repossession, foreclosure, sale, assignment or other disposition of the Collateral and the application of the proceeds thereof in payment of the Obligations.

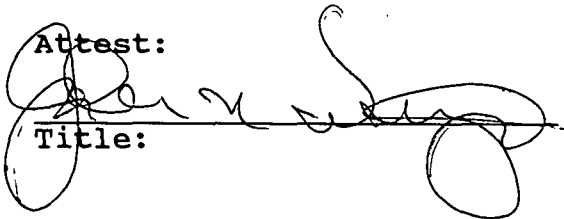
IN WITNESS WHEREOF, the parties hereto have caused this Mortgage to be duly executed as of the date first above written.

RIDGEFIELD DEVELOPMENT
CORPORATION .


By 
Title: _____

[Corporate Seal]

Attest:

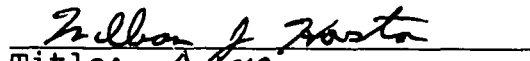

Title: _____

IRVING LEASING CORPORATION

By 
Title: Vice President

[Corporate Seal]

Attest:


Title: A. P.

COUNTY OF NEW YORK)

: ss.:

STATE OF NEW YORK)

On this 21st day of December, 1987, before, me James P. Finnegan, a Notary Public for the State of New York, duly commissioned and sworn, personally appeared Norman W. Seep, duly known to me to be President of RIDGEFIELD DEVELOPMENT CORPORATION, a Pennsylvania corporation, described in and that executed the within instrument and acknowledged to me that the seal affixed to said instrument is such corporation's seal; that it was so affixed by authority set forth in the By-laws of said corporation, and that he signed his name thereto by like authority.

[Notarial Seal]

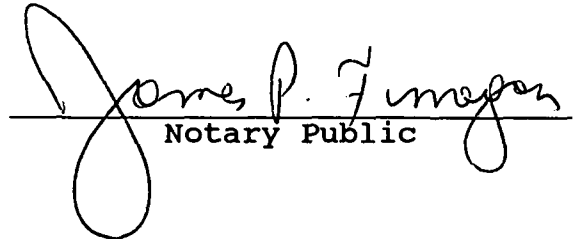
James P. Finnegan
Notary Public

COUNTY OF NEW YORK)

: ss.:

STATE OF NEW YORK)

On this 21st day of December, 1987, before, me James P. Finnegan, a Notary Public for the State of New York, duly commissioned and sworn, personally appeared Alain G. Mestrucci, duly known to me to be an Assistant Vice President of IRVING LEASING CORPORATION, a Pennsylvania corporation, described in and that executed the within instrument and acknowledged to me that the seal affixed to said instrument is such corporation's seal; that it was so affixed by authority set forth in the By-laws of said corporation, and that he signed his name thereto by like authority.


Notary Public

[Notarial Seal]

ANNEX A

CARS

Eighty-four (84) covered hopper cars bearing reporting marks: WSOR 300102, 300103, 300105 through 300111, 300113 through 300121, 300123, 300124, 300126, 300127, 300129 through 300132, 300134, 300136, 300137, 300139, 300141 through 300157, 300159, 300160, 300162 through 300171, 300173 through 300188, 300190 through 300197 and 300199.

Fifteen (15) covered hopper cars bearing reporting marks: GBW 300100, 300101, 300104, 300112, 300122, 300125, 300128, 300133, 300135, 300138, 300140, 300161, 300172, 300189 and 300198.

ANNEX B

Permitted Encumbrances

1. The lien of this Mortgage on the Collateral.
2. Liens for taxes, assessments or governmental charges or claims the payment of which is not at the time due or is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and such reserve or other appropriate provision, if any, as shall be required in conformity with generally accepted accounting principles consistently applied shall have been made therefor.
3. Statutory liens of mechanics and materialmen incurred in the ordinary course of business for sums the payment of which is not at the time due or is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and such reserve or other appropriate provision, if any, as shall be required in conformity with generally accepted accounting principles consistently applied shall have been made therefor.